

# Feedback Form

## Long-Term 2 RFP – May 21, 2025

### Feedback Provided by:

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Date: May 29, 2025

To promote transparency, feedback submitted will be posted on the LT2 RFP engagement page unless otherwise requested by the sender.

- ☐ **Yes – there is confidential information, do not post**  
☒ **No – comfortable to publish to the IESO web page**

Following the LT2 RFP May 21, 2025, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the LT2 [engagement web page](#).

**Note:** The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) by May 29, 2025.**

## Post-Proposal Applicable Tariffs

Do you have any comments related to the approach to mitigating the risk of Post-Proposal Applicable Tariffs presented during the webinar?

### **Pre-COD Indexing**

CanREA and its members generally support this mechanism. We note that this mechanism will address only a fraction of potential tariff cost increases and would not be sufficient on its own.

### **Adjustment for Post-Proposal Applicable Tariffs**

CanREA and its members generally support this mechanism, but recommend that it be revised to reduce administrative inefficiency, provide greater certainty to investors, and avoid pass-through costs that will function as a bid premium and drive up bid prices.

Section 1.1: Definition of "Post-Proposal Applicable Tariffs". We are concerned that the definition of Governmental Authority only appears to include Canadian governmental authorities. This is concerning because it does not appear to cover 'indirect' tariffs, e.g. where a Supplier must pay an increased cost because another jurisdiction has levied tariffs on equipment or other inputs to production. We would like to seek IESO clarification on this issue of concern, including clarification regarding whether this mechanism may be utilized to cover broader tariff risk.

Section 2.14(b): We submit that the proposed Capital Cost increase threshold of 10% is unnecessary and should be removed. We submit that Suppliers should be given discretion regarding whether they may trigger this mechanism. We are concerned that the Tariff Adjustment Notice (subsection (b) - IESO reviews, acting reasonably), the TAE Confirmation Notice (subsection (d) - IESO reviews, acting reasonably), and the Proposed TAE Price Notice (subsection (e) - IESO reviews, in sole and absolute discretion), function as multiple barriers to relief, and are duplicative, administratively burdensome and unnecessary. We recommend that the 10% materiality threshold be removed, and the entirety of the notice and submission be compressed into a streamlined review by the IESO and subject to an acting reasonably standard.

Section 2.14(b): As currently proposed, a Supplier may trigger this mechanism no later than twelve (12) months prior to the Milestone Date for Commercial Operation. We submit that this deadline is arbitrary, creates uncertainty and should be removed. We recommend instead that a Supplier should be able to trigger this mechanism from the Proposal Submission Deadline up to the COD.

Section 2.14(b): As currently proposed, the right to submit a revised price can only be exercised twice. We submit that this restriction is arbitrary and exposes a Supplier to risk if tariffs are levied more than twice before the COD. As we have learned in recent months, tariff disputes may experience periods of extreme volatility, which may reasonably coincide with a procurement or project development window. We recommend the contract mechanism be flexible and account for periods of extreme disruption and uncertainty. We submit that there should be no limit on the number of times a Supplier may trigger this mechanism. Also, as it is currently drafted, sending a notice depends on the past success of a prior notice and we recommend that this conditionality be removed.

Section 2.14(d): Consistent with our comments provided in response to Section 2.14(b), we submit that the TAE Confirmation Notice is duplicative, administratively burdensome and unnecessary. We recommend the entirety of Section 2.14 be compressed into a streamlined review by the IESO and subject to an acting reasonably standard. Further, the 60-day review period by the IESO is too long and does not take into account that time is of the essence when this mechanism is triggered by a Supplier. As currently proposed, it appears that the IESO can reject a Tariff Adjustment Notice from the Supplier. We recommend that the Supplier have the right to re-submit a price if a Post-Proposal Applicable Tariff is levied.

Section 2.14(f): We strongly oppose the IESO standard of review of *sole and absolute discretion*, and strongly recommend this be replaced with *acting reasonably*. The inclusion of a *sole and absolute discretion* clause makes the contract more difficult to finance and makes it exceptionally difficult for a Supplier to dispute an IESO determination under this clause.

We reiterate that Section 2.14 in its entirety should be compressed and streamlined into a single review process by the IESO *acting reasonably*. This would also serve to reduce administrative burden and timeline delay, when time is of the essence when this mechanism is triggered. Specifically, the three-month timeline of 30 plus 60 business days is not appropriate, and generates additional and unnecessary uncertainty and risk for Suppliers. Further, as currently proposed, only 50% of the Completion and Performance Security would be returned to the Supplier if the IESO rejects the re-submitted Fixed Price. We recommend instead that 100% of the Completion and Performance Security be returned to the Supplier, as it is inequitable for the IESO to retain 50% when the Supplier has no control over the events that precipitate the triggering of this mechanism (a tariff dispute), or the relief granted thereunder. Also, we recommend that that IESO refer to a recent draft energy storage RFP from NYSERDA which proposes returning 90% of the contract security where a material adverse change (such as tariffs) impacts costs, such that a project is unable to proceed.

## Gas Turbine Delivery Delay Provisions

Do you have any comments related to the approach to handling potential delays in the delivery of gas turbines presented during the webinar?

CanREA submits that the proposed provisions would serve to create an uneven advantage for specific technologies, namely facilities using natural gas or biogas. We note that the LT2 procurements must be competitive and technology agnostic, per the Minister's November 28, 2024 directive to the IESO. CanREA recommends that the same proposed provisions should apply to critical and major components of other technologies, including wind energy, solar energy and energy storage facilities.

## Crown Land Site Report and MNR Confirmation Letter

Do you have any comments related to the CLSR and MNR Confirmation Letter requirements presented during the webinar?

## LT2 RFP Deliverability Update

Do you have any comments regarding the deliverability guidance updates presented during the webinar?

## General Comments/Feedback

### **Prescribed Form for the Confirmation of Unincorporated Territory**

The IESO is proposing to revise the prescribed form for the Confirmation of Unincorporated Territory. Specifically, a Land Use Planner would be required to confirm:

- The project site is not located on lands designated as Specialty Crop Areas; and
- For ground-mounted solar projects, the site is not located on lands designated as Prime Agricultural Areas.

CanREA would like to seek clarification and confirmation regarding the following: Should a prospective project site be located on unincorporated territory, where there is no Official Plan, the determination regarding whether the site is located in a Prime Agricultural Area would be made by a Land Use Planner.

### **General Comment**

CanREA acknowledges comments made by the IESO at the outset of the May 21, 2025 LT2 engagement webinar regarding new and forthcoming changes to proponent eligibility and rated criteria points.

As with any resource procurement, CanREA continues to advocate for (1) policy certainty and stability to maintain investor confidence in the Ontario market and for (2) conditions that promote competition to encourage high-quality project proposals and optimal outcomes for ratepayers.